

HOUSE RESEARCH

Bill Summary

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This bill allows a 5-percent jobs credit against the Minnesota individual income and corporate franchise taxes. The credit applies to all forms of business entities (C corporations, S corporations, partnerships, and sole proprietorships) that increase their Minnesota employment.

Computation of the credit is similar to the jobs credit under the JOBZ program - i.e., it applies only to wages attributable to increasing numbers Minnesota FTEs hired (compared to a tax year 2010 base) and only to the portions of their wages that are more than \$35,000 and less than \$117,000, the current JOBZ limits. Thus, the credit would not apply to lower-wage jobs and the business would only receive a tax benefit for the portion of wages paid over the \$35,000 threshold. Unlike the JOBZ jobs credit, the credit parameters are not indexed for inflation and the credit is not refundable, but a four-year carryover is allowed.